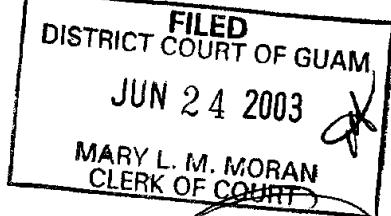


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MALLETIER, CHANEL, INC. and
PRADA, S.A.

UNITED STATES DISTRICT COURT OF GUAM

ARRIOLA, COWAN & ARRIOLA, HAGATNA, GUAM 96910

LOUIS VUITTON MALLETIER and) CIVIL CASE NO. 03-00013
CHANEL, INC., and PRADA, S.A.)
Plaintiffs,)
vs.)
VENDOR DOE I aka HANA TRADE)
CORPORATION dba HONOLULU)
GIFT SHOP aka U.S.A. T-SHIRTS)
AND GIFT ITEMS, VENDOR DOE II)
aka SU KIM, VENDOR DOE III aka)
KIM CHOL KUN dba ANGELUS,)
VENDOR DOE IV aka LISA'S,)
VENDOR DOE V aka FASHION)
CITY, VENDOR DOE VI aka)
CORALYN'S VARIETIES, VENDOR)
DOE VII and DOES I THROUGH XX,)
Defendants.)

)

REGINA TERLAJE, being duly sworn, declares and states as follows:

1. I am a resident of Agana Heights, Guam. I am a merchandiser at TRS ("TRS") Guam, dba Prada. I file this Second Declaration in support of Plaintiffs' Verified Complaint and Plaintiffs' Second Motion for Temporary Restraining Order, Seizure Order, Order to Show Cause for Preliminary Injunction, Order Sealing File and Order Accelerating Discovery. I have personal knowledge of the facts contained herein. If called as a witness I could testify as to the facts contained herein.

2. The products of PRADA are renowned for their unique craftsmanship and the highest standards of quality. The history of the Prada trademark dates back to the early twentieth century when Mario Prada opened two top quality leather goods stores in Milan, Italy. Prada products include top quality leather goods, shoes, ready-to-wear collections, bags, and other items featuring exclusive fabrics, precious hides and traditional craftsmanship.

3. Highly sophisticated styling and production techniques have attained worldwide prominence for PRADA products. PRADA has established a unique operation for the production of its bags, shoes and apparel. In Tuscany, near Florence, all the prototypes are designed and produced. All phases of manufacturing are kept under constant scrutiny. PRADA controls the product through all stages of development, so that only the highest quality bears the PRADA trademark. PRADA's quality control is evident in the distribution of its products in more than one hundred and forty directly operated boutiques worldwide.

4. I have worked for TRS Guam dba Prada for three years, since August 2000. Since entering the company until the present, I have been trained to identify "PRADA" products in order to research and investigate various forms of counterfeit PRADA trademarks and products. Throughout my employment at TRS Guam I have received training at least twice a year in the identification of PRADA merchandise. During my employment at TRS Guam, I have therefore come to be very familiar with the design of the products of the "PRADA" line including without limitation, "PRADA" clothing, shoes, bags, wallets, briefcases, keycases, belts, and leather and leather-trimmed accessories. I am also very familiar with the "PRADA" trademarks, which have become widely known and recognized throughout the world.

5. On May 29, 2003, I met with attorney Anita P. Arriola from the law firm of Arriola, Cowan & Arriola for the purpose of determining whether certain items were counterfeit goods marked with the PRADA name and trademarks. Ms. Arriola showed me a small black purse bearing the PRADA logo. I was informed that this purse was purchased at Fashion City at the Dededo Mall. A true and correct copy of a photograph of this counterfeit purse is attached hereto as Exhibit 1.

6. I have examined the pouch carefully. The counterfeit pouch looks similar to the genuine PRADA pouch, article number BT0175, Vela Sport Nero. The counterfeit pouch differs from the genuine item as follows:

- a. The PRADA logo is placed on a vinyl backing, while on the genuine item the logo is directly affixed to the purse;

- b. There is a back compartment with a zipper pull on the counterfeit item, while on the genuine item there is no such back compartment;
- c. On the strap, there is no PRADA engraving on the side of the buckle and on the hardware that connects to the purse, while on the genuine item, there is an engraving; interior lining which are not found in the lining of the genuine item.
- d. The outer material used to make the counterfeit purse is too thick and stiff;
- e. In the counterfeit purse, there is a lining and a zipper, while in the genuine item there is no lining or zipper and there is a PRADA logo in the interior.
- f. The zipper pull on the top of the purse is vinyl while on the genuine item it is made of tessuto. In addition, the shoulder strap on the counterfeit item is thinner than the one on the genuine item.
- g. In the interior of the purse is a stuffing of Korean newspaper and plastic, which is not contained in the genuine purse.

7. On information and belief, the counterfeit black PRADA purse was purchased at a store called Fashion City at the Dededo mall. None of the stores at Dededo Mall are authorized dealers of PRADA products on Guam.

8. The counterfeit PRADA purse I examined prominently displays copies of the Prada name, trademark and logo. The trademarks are identical or substantially similar to those used on genuine Prada products. However, the quality of these counterfeit products is inferior to the quality of genuine Prada goods.

9. Prada vigorously pursues counterfeit goods as soon as it discovers them and has instituted suit where necessary to bring a prompt end to these unlawful and deceptive practices. The unauthorized manufacture, distribution, exportation, importation, and sale of counterfeit Prada merchandise causes confusion and deceives the consuming public as to the true source of such merchandise. Because the counterfeit items bear copies of Prada's name, logo and trademark, I believe that customers would purchase the items in the belief that they are genuine products of Prada, which they are not.

10. Defendants' actions will cause substantial and irreparable damage and injury to Prada and, in particular, to the valuable goodwill and reputation symbolized by the Prada trademarks. Unless the court enjoins defendants, they will continue to cause Prada substantial and irreparable damage and injury. Further, defendants' manufacture, distribution, exportation, importation and sale of counterfeit or infringing Prada merchandise will cause substantial injury to Prada's reputation and cause substantial sales of Prada's authentic products to be lost or diverted to defendants, in an amount impossible to calculate with any certainty at the present time.

I declare under penalty of perjury under the laws of the United States and the laws of the territory of Guam that the foregoing is true and correct.

Dated: May 29, 2003.



REGINA TERLAJE

